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—CONTENTS—

Comment	2-3
Status of Leading Economic Indicators	4
Diffusion Indexes	5
Business Executives' Expectations	5
Capital Appropriations	6
Key Determinants of Profit Margins	7
Economic Forecasts	8-9
Selected International Comparisons	10-11
Perspective on The Federal Budget	12
Money Supply and Monetary Policy	13
Help-wanted Advertising Indexes	14
Consumer Confidence and Buying Plans	15
Automobile Sales	16

The Conference Board
70th Anniversary

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

- LABOR MARKET STILL LOOKS FLAT
- CONSUMER DEMAND IS STRONG BUT COULD WEAKEN
- HOUSING MARKET HAS LOST SOME MOMENTUM
- INDUSTRIAL CONDITIONS APPEAR FLAT BUT COULD IMPROVE
- TRADE DEFICIT HAS NARROWED A BIT, BUT IS THIS A TREND OR AN ABERRATION?
- OUTLOOK • ECONOMIC GROWTH IS EXPECTED IN THE FIRST HALF OF 1987, AFTER A RELATIVELY STRONG FOURTH QUARTER

OVERVIEW: Economic growth over much of the last 2 years has been marked by an uneven pattern. That is changing, but not for the better. Job growth in services remains reasonably strong but employment is flat, at best, in manufacturing and construction. Nonwage income growth has slowed markedly. Consumer attitudes have fallen sharply but consumer spending is still rising moderately. Since the promotion period ended, car sales have slowed significantly. Home sales have also turned down.

The decline in business investment may have bottomed out for the moment but industrial conditions are not improving. One encouraging development here is the rebound in new orders. Another encouraging sign may be the recent improvement in the trade deficit, due to both a decline in imports and a rise in exports. Still the details in the trade numbers contain a hint that the improvement might be transitory.

Economic growth has been more sluggish than robust of the past 8 quarters. It is generally not expected to remain in that state for the next year or so. Real GNP has risen at an average annual rate of 2½%, seasonally adjusted, from the third quarter of 1984 to the third quarter of 1986. The consensus of the **Economic Forecasts** is that it will probably not exceed that pace over the next 4 quarters.

DOMESTIC MARKET MONITOR

There has not been much change in labor-market conditions in recent months. For example, the ratio of adult employment to adult population remained almost unchanged from June through October. And the overall unemployment rate continues to hover around 7 percent.

Job growth remains sluggish and the average workweek has been stable. The overall number of hours worked, then, continues to rise slowly. Hours worked in manufacturing were no higher in October than in June. Hours worked in other sectors were only 2.7% higher, annual rate, in October than in June.

Job growth is likely to remain modest over the next few months. The Conference Board's **Help-wanted Index**, a measure of labor demand, stood at 134 (1967 = 100) in September. Early returns to the October survey indicate that this index may have picked up a bit. That, however, would only bring it back to about the 141 level recorded in June. Nor do the **Economic Forecasts** anticipate much faster job growth. The consensus of the forecasts is that the unemployment rate will stay close to 7% for much of 1987.

INCOME: Wage gains remain uneven. Wages in commodity-producing industry were 0.7% higher in September than 2 months earlier—after falling by 0.4% over the prior 2 months. But wages in other sectors rose 1.5% over the same 4 months.

Nonwage income growth has slowed sharply. Rental income dipped in each of the last 3 months. Interest income continues to fall with interest-rate reduction. Dividend growth has become marginal. Overall, nonwage income was only 0.2% higher in September than 3 months earlier.

Spending: Consumers are not just buying cars. Sales of furniture and appliances were 3% higher in September than 3 months earlier. Spending on services also remain high. Retail sales of nondurables were the exception—only 0.6% higher in September.

The automotive companies' promotional campaigns ended and car sales dipped. New domestic **Automobile Sales** reached a 9-million annual rate, seasonally adjusted, in August, and then jumped to 12.1 million in September. But sales dropped to 8.3 million in October. Foreign sales were close to a 3½ million rate over these 3 months.

Consumer optimism has dampened. Attitudes remained relatively bullish in the first half of this year even though job growth was quite slow. That began to change this Summer. The Conference Board's **Consumer Confidence Index** stood at 88.8 (1985 = 100) in October, compared with a reading of 95.5 in July. Principally, that reflects a substantial decline in attitudes about job and income growth over the next 6 months.

CONSTRUCTION: One area where a decline in consumer demand is apparent is housing. New single-family home sales were no higher in September than in July. Nor are builders confident that demand will pick up. Construction of both single- and multi-unit housing has fallen off sharply.

Ken Goldstein, Editor

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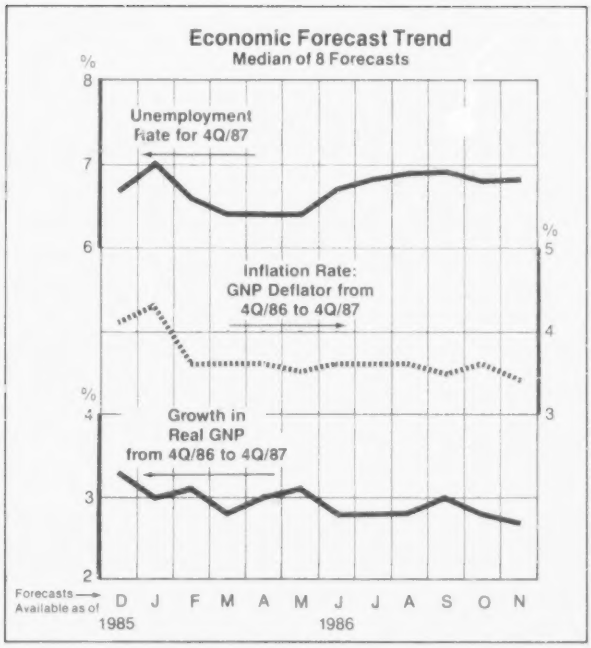


After an extended period of decline, nonresidential construction has begun to rebound modestly. Industrial and commercial, but not office, building has picked up. Total nonresidential construction was 3.6% higher, deflated, in September than 3 months earlier. But the level remains below that reached last January.

PRODUCTION: Although industrial production rose in September for the 3rd straight month, this limited rebound may have run its course for the time being. Admittedly, output of finished goods was 1.4% higher in September than 3 months earlier. But production of semiprocessed goods was only 0.5% higher and output of raw material was only 0.2% higher. Finished-goods production, then, may slow a bit. Indeed, the data on hours worked in October suggest that total production did not rise that month.

The pickup in production has been limited by a rather cautious response to the recent rise in new orders. Total durable orders were 6.2% higher in September than in May—after declining 5.1% from January through May. Shipments of filled orders, however, only rose 2.4% over the last 4 months. Perhaps the fact that the mid-year rise only recovers the ground lost earlier this year limits planners' willingness to revamp production schedules.

INVENTORY: Another reason why production gains have been limited is that producers are trying to avoid a runup in inventory. Total inventory was 0.9% higher in August than 3 months earlier. Nor was all that added inventory simply unsold cars. Inventory, excluding cars at the retail level, was 0.8% higher. Indeed, some of the currently unfilled orders may be filled from stock shelves.

PRICES: Commodity prices began strengthening in May and then moved sharply higher in October. Raw industrial prices rose 6.6% that month. Those increases have not had much impact on wholesale prices. Producer prices for materials declined a bit from June through September.

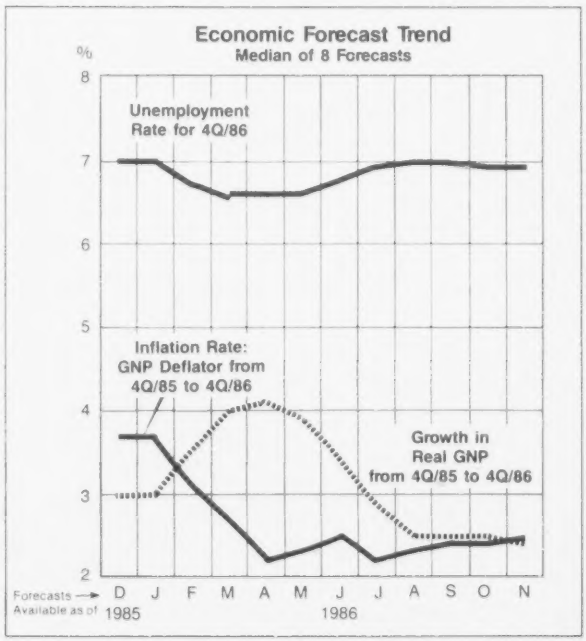
INTERNATIONAL MONITOR

After a surge of 19% from April to July, imports have fallen. Total imports were 15.9% lower in September than in July.

Most of the recent rise and fall in imports was due to a shift in the flow of manufactured goods. Total shipments of manufactured products were 18% lower in September than in July, following a 20% rise from April through July. Furthermore, this shift in the flow of goods was diffused widely through most of the broad categories.

While imports slowed, exports have expanded a bit, improving the trade balance. Exports of both agricultural and energy products increased in recent months. Shipments of manufactured products were 5.4% higher in September than 2 months earlier, but that gain was narrowly concentrated: Nonelectric machinery was 4.5% higher while electric machinery was up only 2.3 percent. Aircraft and parts were 12.5% higher—but other transport equipment was a whopping 30% higher.

Ken Goldstein
November 13, 1986

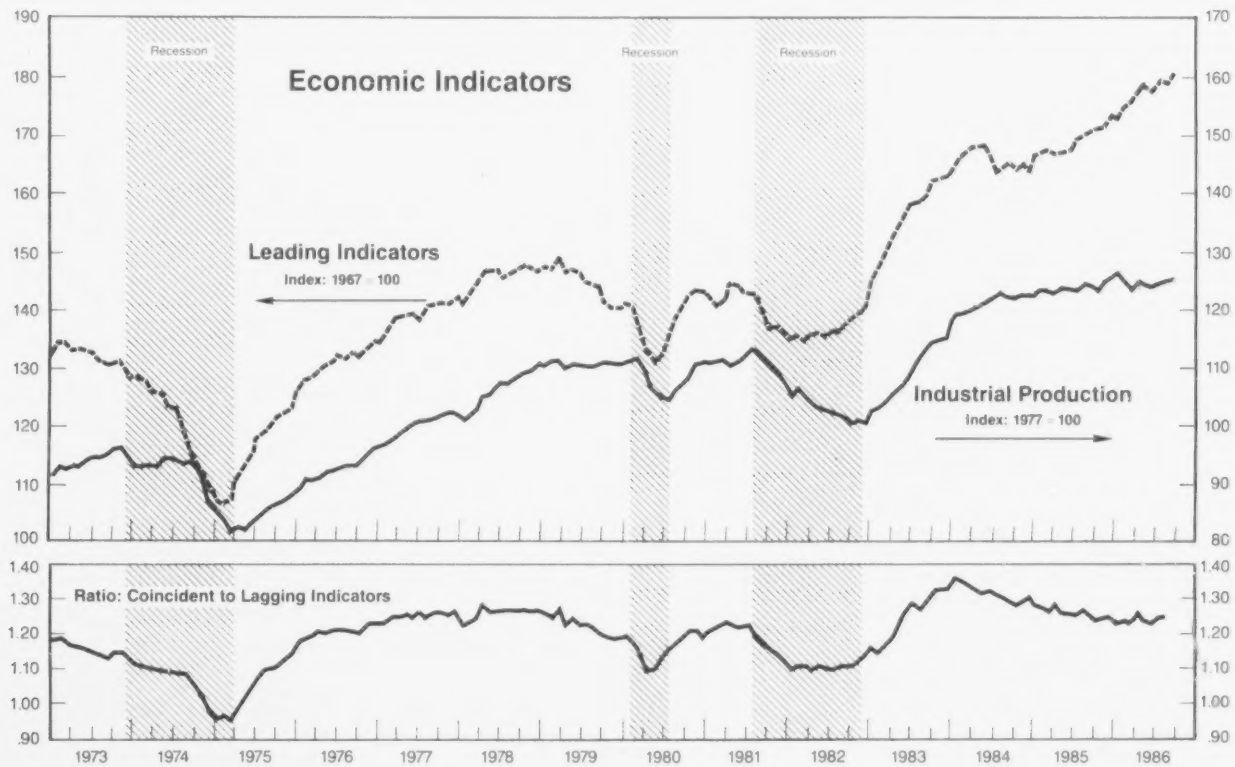


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Sep.	X			1.4%	5.6%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Sep.	X			4.9%	– 3.0%
New orders, nondefense capital goods (deflated)	Sep.	X			5.5%	– 0.8%
*New business formation	Sep.		X		1.5%	3.3%
*Housing permits	Sep.			X	– 10.6%	– 13.2%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sep.	X			2.8%	3.3%
*Change in inventory, on hand & order (deflated)	Aug.			X	– 17.8%	– 2.0%
Purchasing agents' buying policy	Oct.	X			3.0%	7.0%
*Vendor performance, reported slower deliveries	Oct.		X		0.0%	8.0%
Industrial raw materials prices	Oct.		X		3.2%	– 0.9%
*Change in sensitive material prices	Sep.			X	– 0.8%	– 0.1%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Sep.	X			2.1%	6.5%
Change in business loans	Sep.	X			51.2%	35.0%
*Change in credit outstanding	Sep.	X			4.7%	– 1.9%
Change in consumer installment debt	Sep.	X			35.8%	– 23.6%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q	X			2.2%	7.3%
*Common stock prices	Oct.			X	– 1.2%	27.5%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.		X		0hr	– 0.1hr
*Initial unemployment claims (inverted)	Oct.	X			7.3%	6.5%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



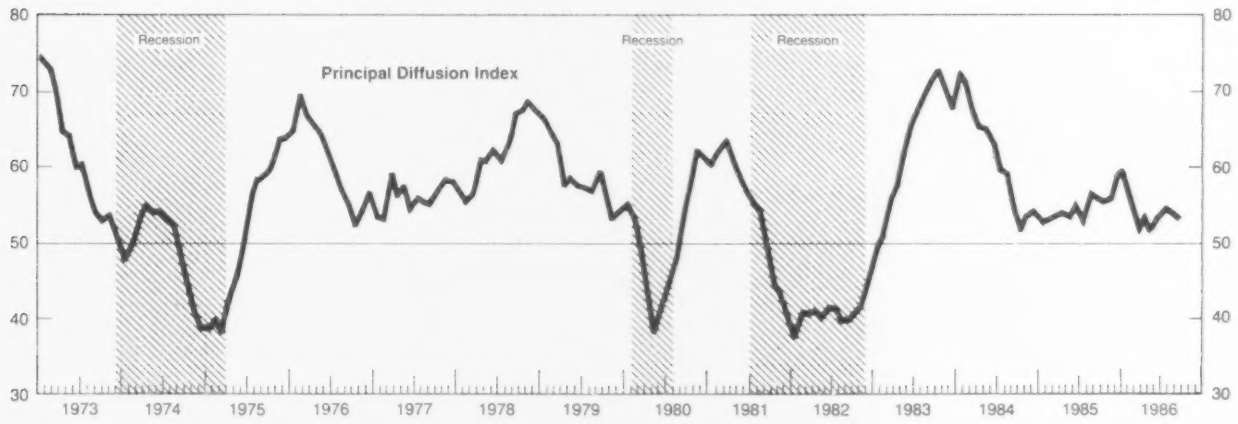
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985 Sept.	1986 Jun.	Jul.	Aug.	Sept.(e)
Principal Diffusion Index	55.0	53.5	54.8r	54.1r	53.4
Auxillary Diffusion Index	48.6	55.5	54.2r	47.9r	47.7
Industrial Group	56.1	50.7r	52.7	50.7r	52.1
Nonindustrial Group	53.9	56.3	56.9r	57.6r	54.8
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	57.9	61.5	67.5	62.4r	67.9
Labor	58.5	48.6	48.2	49.6	47.9
Miscellaneous	47.4	39.7	41.7	35.9	38.5
Nonindustrial Subgroups					
Prices	34.6	68.6	67.3	66.0	64.1
Consumer	69.7	66.2	70.9	70.5	70.1
Building	52.2	39.7	33.0	42.3	35.6
Miscellaneous	52.1	49.1	51.7r	49.1r	46.2

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984				*1985*				*1986*		
	Feb.	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Nov.*
	Score (scale 0-100)										
Measure of Business Confidence	70	65	61	57	61	52	51	55	61	61	50
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	76	75	70	57	62	48	45	53	63	61	44
2. Expectations for Economy, Six Months Ahead	67	60	57	57	61	53	53	56	62	62	52
3. Expectations for Own Industry, Six Months Ahead	67	61	57	58	61	55	54	56	59	60	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

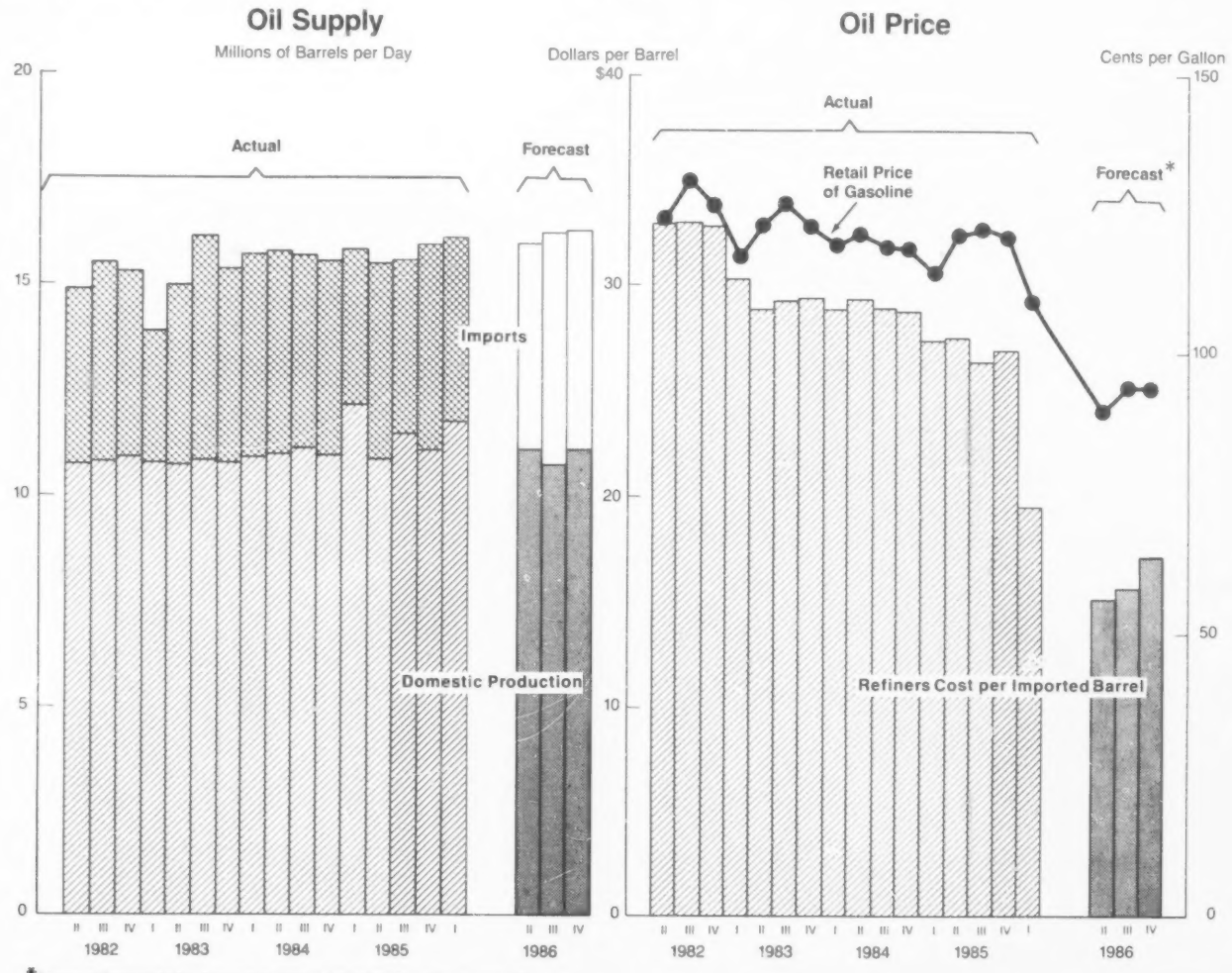
Billions of Dollars, Seasonally Adjusted

	1984	1985				1986		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IV	Ir	IIp	1985 Actual	1986 Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.100	29.938	27.560	24.167	27.190	23.386	18.773	– 8	– 6
Capital expenditures	24.587	23.354	24.911	24.730	26.336	23.566	22.648	10	– 2
Change in appropriations backlog*	+2.302	+4.984	+0.529	–2.702	–2.594	–2.368	–5.845		
Durable Goods									
New appropriations	15.072	16.737	10.910	12.031	12.005	11.613	9.593	– 13	9
Capital expenditures	12.223	11.648	12.814	12.299	12.676	11.479	11.602	15	5
Change in appropriations backlog*	+1.797	+4.154	–2.515	–1.094	–3.063	–1.582	–3.434		
Nondurable Goods									
New appropriations	14.028	13.201	16.650	12.136	15.185	11.773	9.180	– 2	–20
Capital expenditures	12.364	11.706	12.097	12.431	13.660	12.087	11.046	6	– 9
Change in appropriations backlog*	+0.505	+0.830	+3.044	–1.608	+0.469	–0.786	–2.411		
ELECTRIC & GAS UTILITIES									
New appropriations	11.554	9.370r	15.139r	5.093r	8.692r	9.084	35.237	+ 3	
Capital expenditures	9.337	9.078r	9.366r	9.078r	8.417r	7.425	16.190	–2.0	
Change in appropriations backlog*	– 3.147	+0.363r	+4.662r	–4.984r	–0.261r	+1.773	+14.520		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

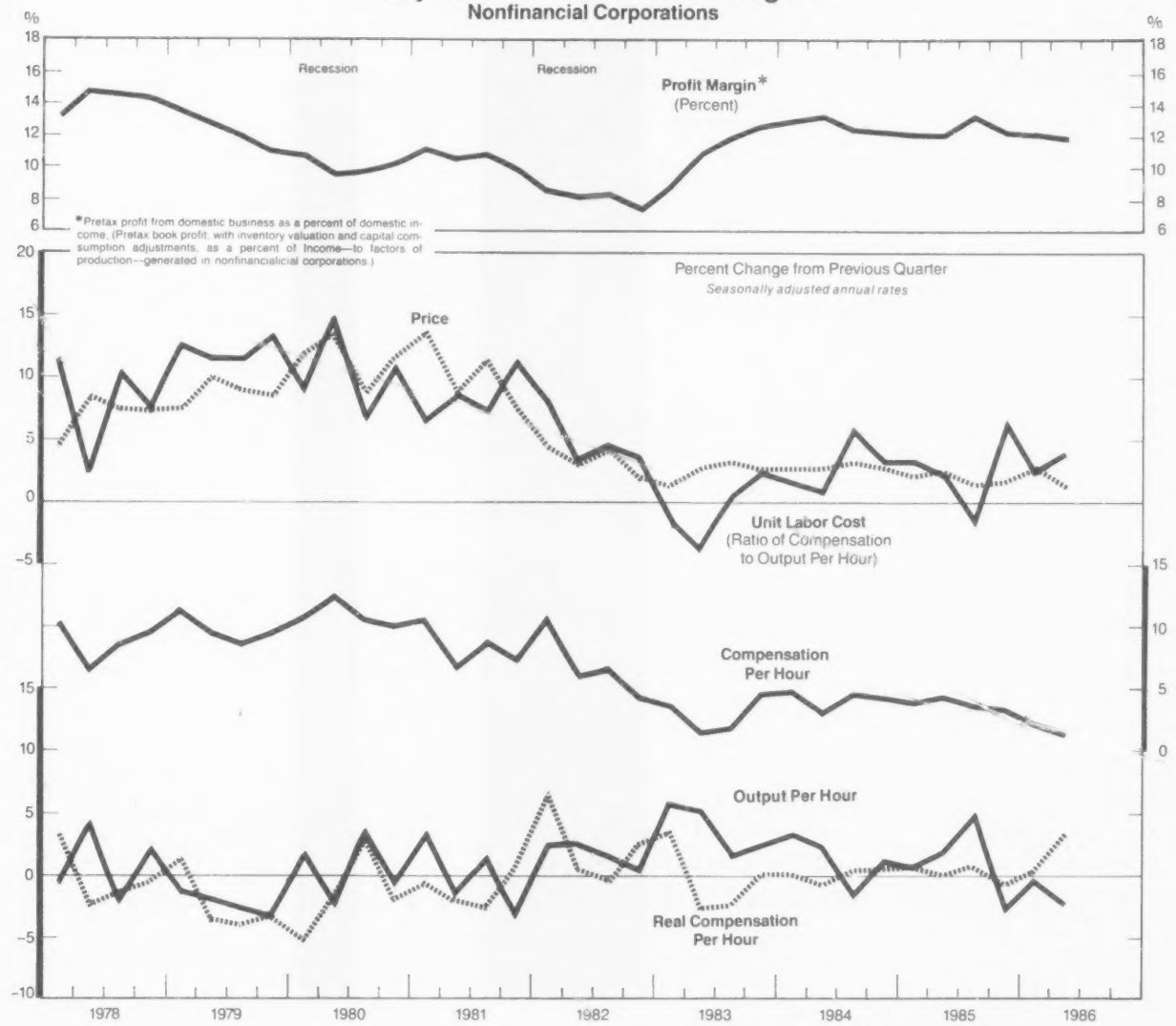
* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).



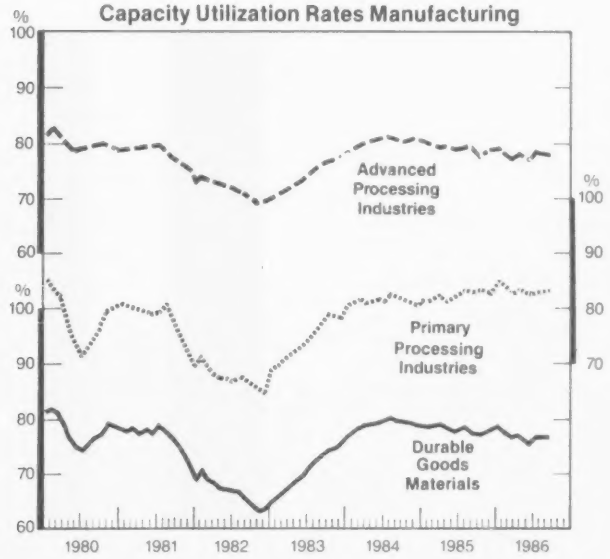
*Source of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin

Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Oct., 1986*		*Oct., 1986*		*Oct., 1986*		*Oct., 1986*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**II**	**$4234.3**	**5.7%**	**$4234.3**	**5.7%**	**$4234.3**	**5.7%**	**$4234.3**	**5.7%**
		III	4295.6	5.9	4267.8	3.2	4297.3	6.1	4300.3	6.4
		IV	4355.6	5.7	4316.1	4.6	4370.2	7.0	4356.3	5.3
	1987	I	4414.6	5.5	4371.9	5.3	4453.5	7.8	4407.3	4.8
		II	4485.7	6.6	4439.4	6.3	4541.5	8.1	4467.0	5.5
		III	4561.7	7.0	4512.6	6.8	4624.3	7.5	4536.8	6.4
		IV	4652.2	8.2			4698.2	6.5	4618.5	7.4
	1988	I	4736.0	7.4			4770.2	6.3	4710.4	8.2
		II	4807.1	6.1			4840.5	6.0		
		III	4883.9	6.5			4911.3	6.0		
	1986	Annual	4213.7	5.4	4206.7	5.2	4214.1	5.4	4214.9	5.4
	1987	Annual	4454.4	5.7	4410.0	4.8	4497.4	6.7	4441.9	5.4
	1988	Annual	4769.8	7.1			4805.1	6.8		
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**II**	**$3683.3**	**2.4%**	**$3683.3**	**2.4%**	**$3683.3**	**2.4%**	**$3683.3**	**2.4%**
		III	3722.8	4.4	3697.8	1.6	3711.0	3.0	3705.3	2.4
		IV	3749.7	2.9	3710.1	1.3	3748.0	4.0	3722.0	1.8
	1987	I	3777.2	3.0	3727.0	1.8	3787.0	4.2	3732.0	1.1
		II	3811.9	3.7	3752.2	2.7	3826.0	4.2	3744.3	1.3
		III	3849.2	4.0	3784.3	3.5	3860.0	3.6	3765.7	2.3
		IV	3889.5	4.3			3866.0	.6	3793.6	3.0
	1988	I	3923.9	3.6			3910.0	4.6	3827.3	3.6
		II	3942.9	2.0			3929.0	2.0		
		III	3970.6	2.8			3948.0	1.9		
	1986	Annual	3680.9	2.7	3674.6	2.5	3677.9	2.6	3676.5	2.5
	1987	Annual	3797.0	3.2	3743.4	1.9	3805.3	3.5	3741.0	1.8
	1988	Annual	3931.7	3.5			3913.3	2.8		
Gross National Product deflator Index, 1982 = 100										
Actual	**1986**	**II**	**115.0**	**3.3%**	**115.0**	**3.3%**	**115.0**	**3.3%**	**115.0**	**3.3%**
		III	115.4	1.5	115.4	1.6	115.8	3.0	116.1	3.9
		IV	116.2	2.7	116.3	3.2	116.6	2.8	117.0	3.4
	1987	I	116.9	2.5	117.3	3.4	117.6	3.5	118.1	3.6
		II	117.7	2.8	118.3	3.5	118.7	3.8	119.3	4.1
		III	118.5	2.9	119.2	3.2	119.8	3.8	120.5	4.0
		IV	119.6	3.8			121.5	5.9	121.7	4.3
	1988	I	120.7	3.7			122.0	1.6	123.1	4.4
		II	121.9	4.1			123.2	4.0		
		III	123.0	3.6			124.4	4.0		
	1986	Annual	114.5	2.7	114.5	2.7	114.6	2.7	114.6	2.8
	1987	Annual	117.3	2.5	117.8	2.9	118.2	3.1	118.7	3.6
	1988	Annual	121.3	3.4			122.8	3.9		
Unemployment Rate										
Actual	**1986**	**II**		**6.9%**		**6.9%**		**6.9%**		**6.9%**
		III		6.9		7.0		7.0		7.0
		IV		6.8		7.1		7.0		6.9
	1987	I		6.7		7.2		6.9		6.9
		II		6.6		7.2		7.0		6.8
		III		6.5		7.1		7.0		6.8
		IV		6.3				7.0		6.7
	1988	I		6.2				7.0		6.7
		II		6.1				7.2		
		III		6.0				7.3		
	1986	Annual		7.0		7.0		7.0		7.0
	1987	Annual		6.6		7.2		7.0		6.9
	1988	Annual		6.2				7.1		

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary third quarter data.

ECONOMIC FORECASTS (continued)

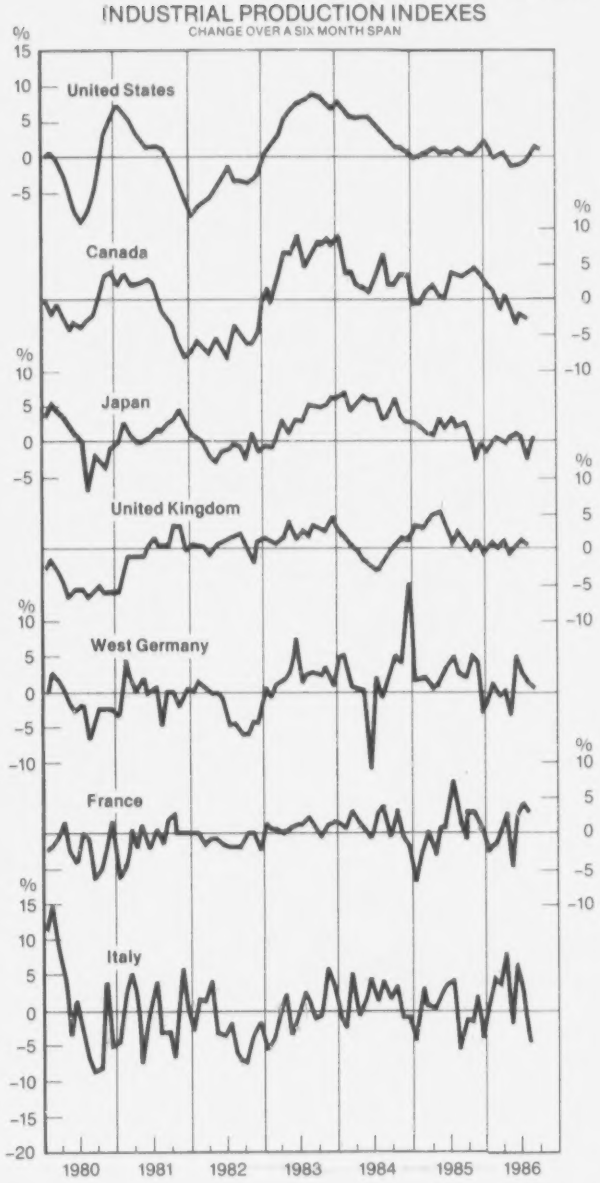
The Conference Board[1]		Chase Econometric Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Oct., 1986		Oct., 1986		Oct., 1986		Oct., 1986		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4234.3	**5.7%**	**$4234.3**	**5.7%**	**$4234.3**	**5.7%**	**$4234.3**	**5.7%**	**II**	**1986**	**Actual**
4293.0	5.7	4293.9	5.8	4281.4	4.5	4302.6	6.6	III		
4340.0	4.5	4352.8	5.6	4333.2	4.9	4373.4	6.7	IV		
4402.0	5.8	4406.2	5.0	4388.9	5.2	4451.8	7.4	I	1987	
4478.0	7.1	4473.2	6.2	4458.1	6.5	4528.7	7.1	II		
4560.0	7.5	4545.8	6.7	4530.0	6.6	4606.6	7.1	III		
		4619.6	6.7	4614.1	7.6	4690.7	7.5	IV		
		4696.4	6.8	4691.7	6.9	4786.3	8.4	I	1988	
		4775.5	6.9	4755.0	5.5	4885.6	8.6	II		
		4846.8	6.1	4821.2	5.7	4983.9	8.3	III		
4213.0	5.4	4213.3	5.4	4210.1	5.3	4215.4	5.4	Annual	1986	
4445.0	5.5	4444.5	5.5	4427.6	5.2	4490.1	6.5	Annual	1987	
		4734.6	6.5	4720.5	6.6	4836.6	7.7	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
$3683.3	**2.4%**	**$3683.3**	**2.4%**	**$3683.3**	**2.4%**	**$3683.3**	**2.4%**	**II**	**1986**	**Actual**
3704.1	2.3	3717.5	3.8	3710.3	3.0	3710.5	3.0	III		
3715.6	1.2	3738.3	2.3	3730.9	2.2	3739.5	3.2	IV		
3736.3	2.3	3755.9	1.9	3755.7	2.7	3773.9	3.7	I	1987	
3763.2	2.9	3778.6	2.4	3788.8	3.6	3803.4	3.2	II		
3793.7	3.3	3805.1	2.8	3822.4	3.6	3828.0	2.6	III		
		3830.8	2.7	3857.5	3.7	3856.5	3.0	IV		
		3855.8	2.6	3887.6	3.2	3889.7	3.5	I	1988	
		3885.0	3.1	3901.3	1.4	3925.7	3.8	II		
		3908.6	2.5	3922.4	2.2	3958.0	3.3	III		
3676.2	2.5	3679.5	2.6	3677.7	2.6	3677.8	2.6	Annual	1986	
3752.3	2.1	3769.5	2.4	3774.5	2.6	3786.2	2.9	Annual	1987	
		3870.1	2.7	3892.2	3.1	3907.5	3.2	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
115.0	**3.3%**	**115.0**	**3.3%**	**115.0**	**3.3%**	**115.0**	**3.3%**	**II**	**1986**	**Actual**
115.9	3.3	115.5	1.9	115.4	1.5	116.0	3.5	III		
116.8	3.2	116.4	3.3	116.1	2.6	117.0	3.5	IV		
117.8	3.5	117.3	3.0	116.9	2.5	118.0	3.5	I	1987	
119.0	4.1	118.4	3.7	117.7	2.0	119.1	3.8	II		
120.2	4.1	119.5	3.7	118.5	2.9	120.3	4.3	III		
		120.6	3.8	119.6	3.8	121.6	4.4	IV		
		121.8	4.1	120.7	3.6	123.1	4.8	I	1988	
		122.9	3.7	121.9	4.0	124.5	4.6	II		
		124.0	3.6	122.9	3.4	125.9	4.8	III		
114.6	2.8	114.5	2.7	114.5	2.7	114.6	2.8	Annual	1986	
118.4	3.4	117.9	3.0	117.3	2.5	118.6	3.5	Annual	1987	
		122.3	3.8	121.3	3.4	123.8	4.4	Annual	1988	
								Unemployment Rate		
	6.9%		**6.9%**		**6.9%**		**6.9%**	**II**	**1986**	**Actual**
	7.1		6.9		6.9		6.8	III		
	7.3		6.9		6.9		6.8	IV		
	7.4		6.9		6.9		6.7	I	1987	
	7.4		6.9		6.8		6.6	II		
	7.2		6.9		6.7		6.5	III		
			6.8		6.6		6.4	IV		
			6.8		6.5		6.4	I	1988	
			6.8		6.4		6.3	II		
			6.8		6.4		6.3	III		
	7.1		7.0		7.0		7.0	Annual	1986	
	7.3		6.9		6.8		6.7	Annual	1987	
			6.8		6.5		6.4	Annual	1988	

Please Note: in the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

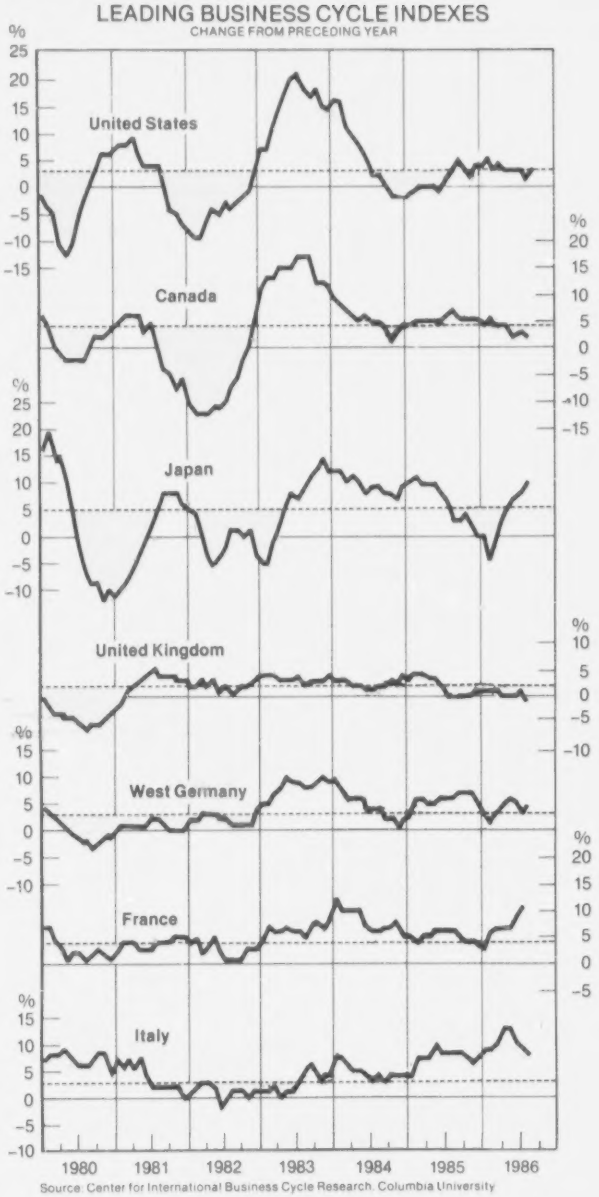
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



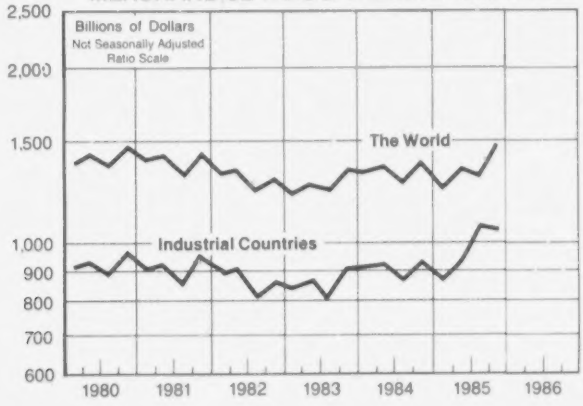
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR

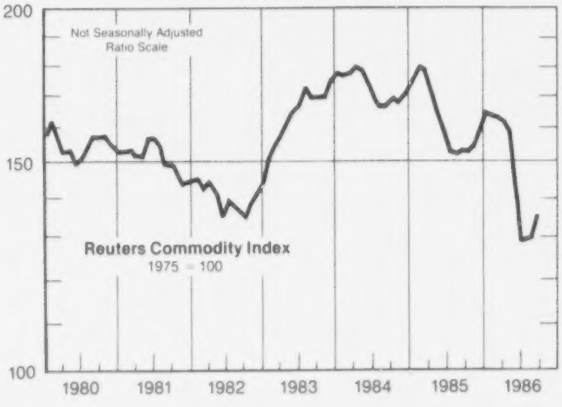


Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

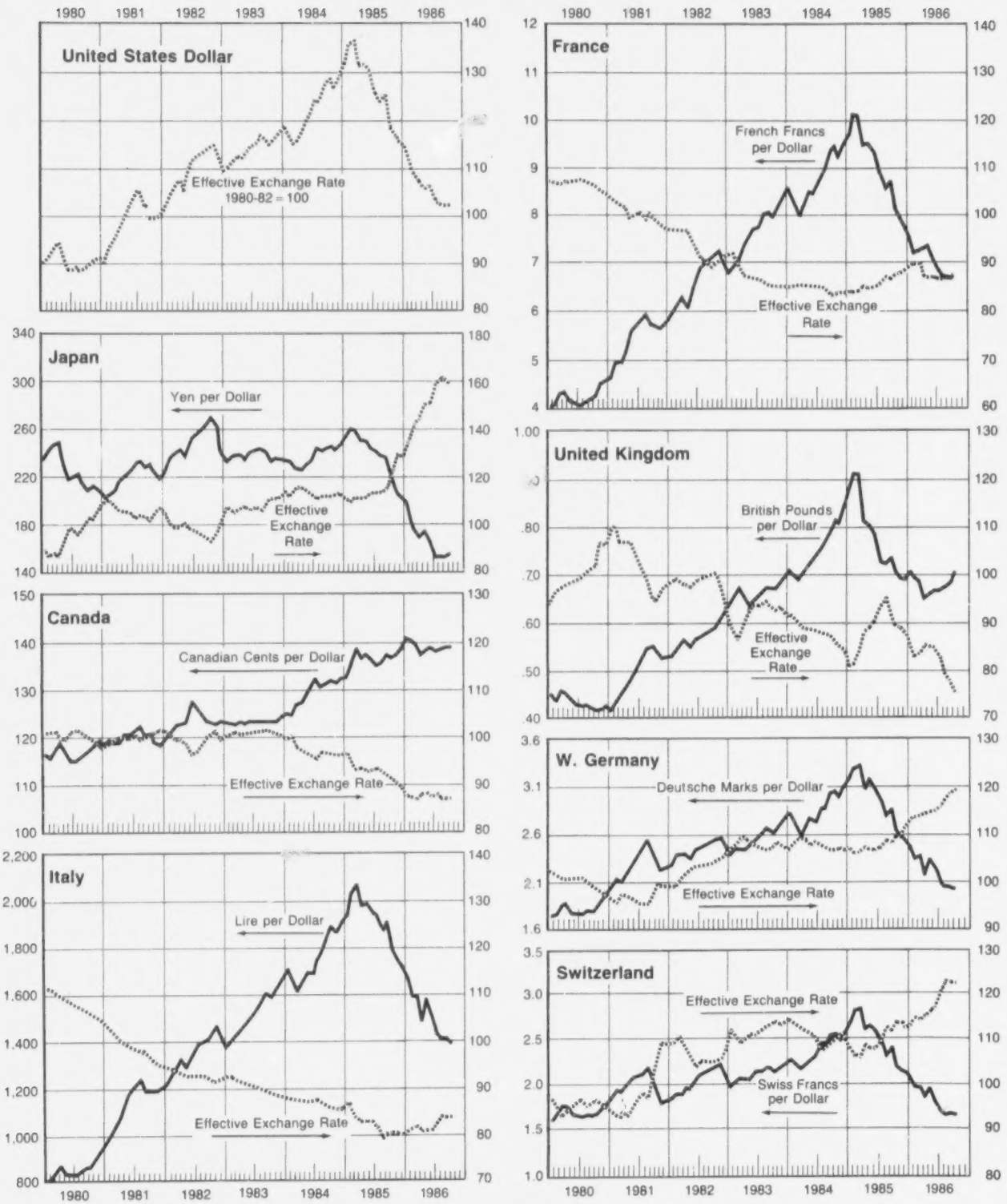


RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade- using averages weighted appreciation or depreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

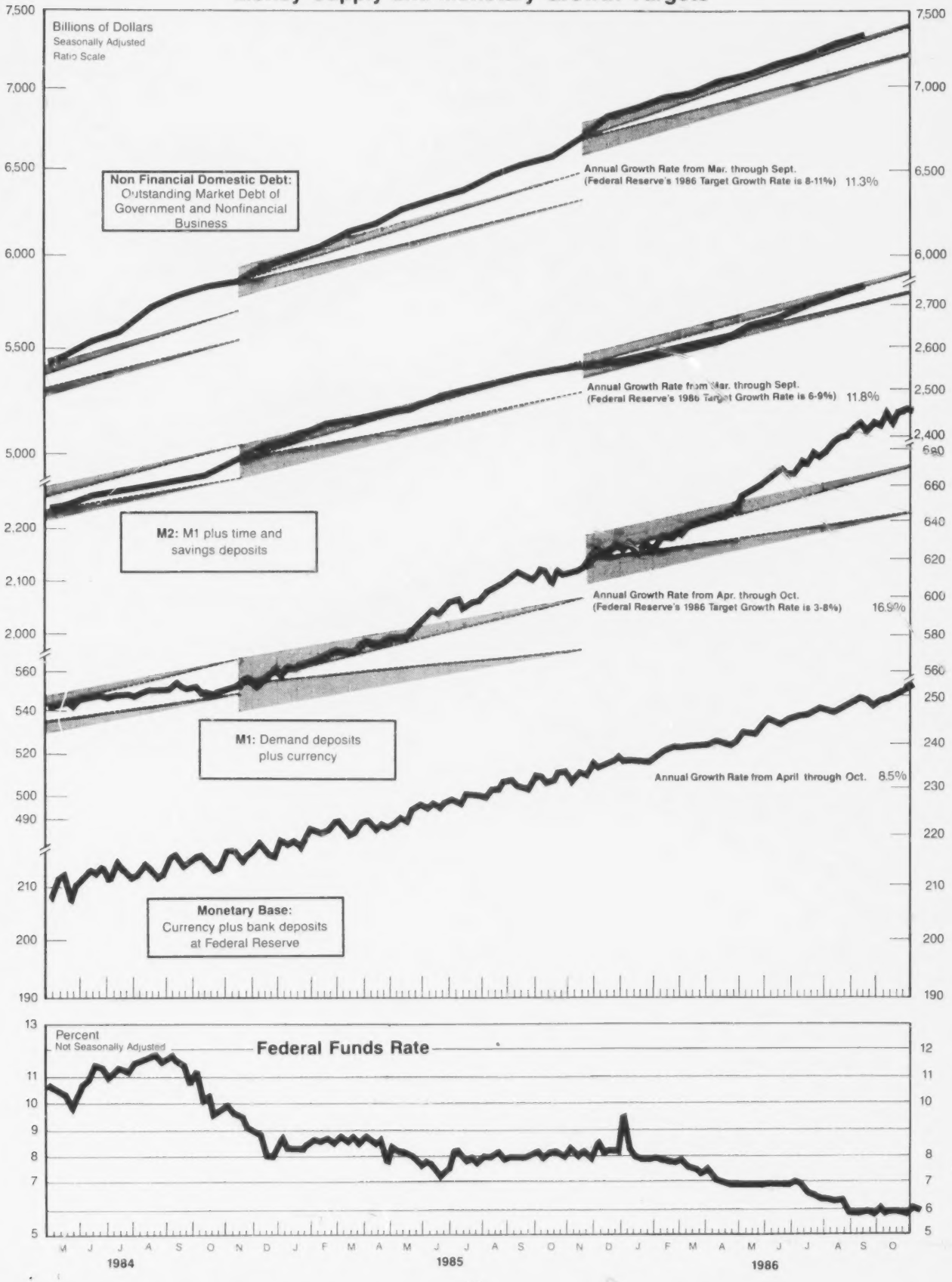
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)	(2/5/86)	(2/26/86)
Receipts	**$ 777.1**	**$ 778.7**	**$ 850.4**	**$ 849.9**	**$ 933.2**	**$ 928.1**
Outlays	**979.9**	**983.5**	**994.0**	**1,009.7**	**1,026.8**	**1,060.3**
Deficit	**-202.8**	**-204.7**	**-143.6**	**-159.7**	**- 93.6**	**-132.3**
Receipts by source	**$777.1**	**$778.7**	**$850.4**	**$849.9**	**$933.2**	**$928.1**
Individual income	353.7	354.2	386.0	385.0	425.9	422.0
Social security	280.4	280.8	302.8	302.3	335.0	333.5
Corporate income	70.9	72.2	86.7	89.4	101.2	101.2
Other receipts	72.1	71.5	74.9	73.2	71.1	71.4
Outlays by function	**$979.9**	**$983.5**	**$994.0**	**$1,009.7**	**$1,026.8**	**$1,060.3**
National defense	265.8	269.5	282.2	296.7	299.1	316.6
Social security	268.8	267.9	282.4	282.2	302.1	303.1
Income security	118.1	119.6	118.4	119.5	123.1	123.7
Health	35.7	35.6	35.0	35.1	36.7	36.8
Veterans benefits	26.6	26.7	26.4	26.5	26.9	26.9
Education & manpower	30.7	30.8	27.4	27.3	26.3	26.5
Transportation	27.1	27.5	25.5	25.6	24.1	24.3
Agriculture	25.9	30.4	19.5	21.9	19.7	23.5
International affairs	17.1	17.1	18.6	16.5	18.3	17.5
Natural resources	12.9	12.8	12.0	12.0	11.8	11.9
General science	8.9	8.9	9.2	9.1	9.3	9.4
Justice	6.8	6.8	6.9	7.1	7.0	7.2
General government	6.3	6.0	6.1	6.2	5.7	6.4
Community development	7.9	7.9	6.5	6.3	5.5	5.4
Commerce, Housing credit	3.8	4.2	1.4	3.1	3.8	4.3
Energy	4.4	4.2	4.0	4.4	4.5	4.1
Revenue sharing	6.2	5.8	1.7	1.7	1.8	1.8
Interest	142.7	139.8	148.0	144.7	145.1	152.7
Allowances	0.0	0.0	0.7	0.7	2.3	2.3
Offsetting receipts	-35.2	-37.7	-38.1	-36.8	-46.4	-44.2

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,274.0**	**$4,269.0**	**$4,629.0**	**$4,583.0**	**$4,995.0**	**$4,930.0**
Constant (1982) Dollar	**3,695.0**	**3,688.0**	**3,842.0**	**3,803.0**	**3,996.0**	**3,928.0**
Percent change in						
Current dollar	7.0%	6.9%	8.3%	7.3%	7.9%	7.6%
Constant (1982) dollar	3.4	3.2	4.0	3.1	4.0	3.3
Implicit price index	3.5	3.6	4.2	4.1	3.7	4.1
Consumer price index	3.5	3.4	4.1	4.2	3.7	4.4
91-Day T bill rate	7.3	6.8	6.5	6.7	5.6	6.4
Unemployment rate	6.7	6.7	6.5	6.7	6.3	6.5

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from Mar. through Sept.
(Federal Reserve's 1986 Target Growth Rate is 8-11%) 11.3%
Annual Growth Rate from Mar. through Sept.
(Federal Reserve's 1986 Target Growth Rate is 6-9%) 11.8%
M2: M1 plus time and savings deposits
Annual Growth Rate from Apr. through Oct.
(Federal Reserve's 1986 Target Growth Rate is 3-8%) 16.9%
M1: Demand deposits plus currency
Annual Growth Rate from April through Oct. 8.5%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
1984
1985
1986

CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

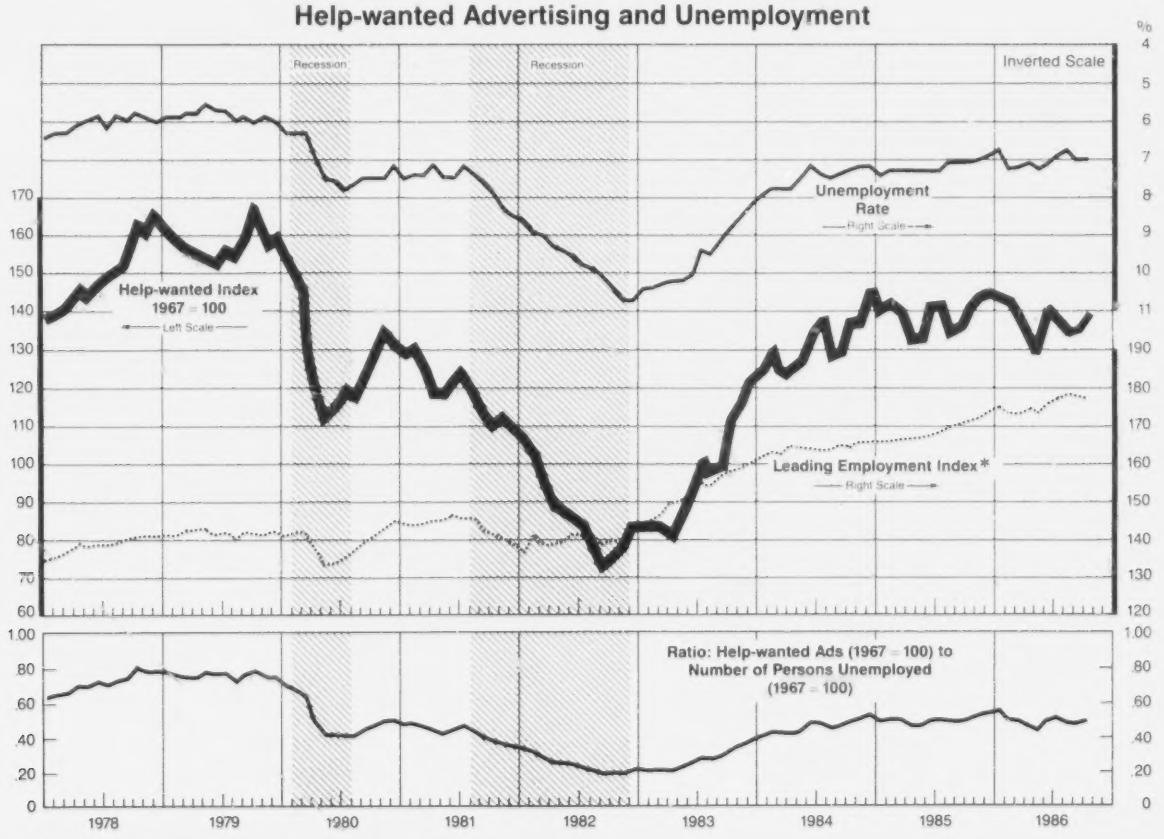
Seasonally Adjusted Indexes, 1967 = 100

Locality	1986 Sept.	1986 Aug.	1986 July	1985 Sept.
National Index	134	134	140	136
New England	165	159	169	147
Boston	170	160	172	156
Hartford	181	174	178	157
Providence	133	142	153	104
Middle Atlantic	81	75	81	69
Albany	182	172	187	163
Allentown	249	260	279	191
New York	68	57	62	57
Philadelphia	68	67	74	61
Pittsburgh	76	80	86	71
Rochester	76	81	84	79
Syracuse	N.A.	N.A.	N.A.	112
East North Central	90	92	94	85
Chicago	101	100	103	95
Cincinnati	136	150	148	118
Cleveland	60	62	66	55
Columbus	157	154	157	134
Dayton	76	82	87	78
Detroit	57	60	61	64
Gary	119	119	124	110
Indianapolis	98	93	105	85
Milwaukee	63	61	65	54
Toledo	113	119	113	113
West North Central	90	85	95	92
Kansas City	147	151	172	153
Minneapolis	75	55	72	73
Omaha	120	132	116	118
St. Louis	62	64	65	67
South Atlantic	183	185	194	179
Atlanta	252	245	274	273
Baltimore	218	225	233	211

	1986 Aug.	1986 July	1986 June	1985 Aug.
Charlotte	158	158	161	141
Jacksonville	212	218	228	205
Miami	99	87	87	79
Richmond	124	127	143	119
Washington, D.C.	172	180	182	165
East South Central	138	143	163	139
Birmingham	141	146	164	149
Knoxville	217	216	206	182
Louisville	75	79	92	89
Memphis	120	130	128	109
Nashville	184	189	260	197
West South Central	143	153r	170	219
Dallas	152	160	186	289
Houston	195	205	219	273
New Orleans	69	100	107	96
Oklahoma City	93	96	105	126
San Antonio	137	138	159	192
Tulsa	105	111r	126	142
Mountain	272	270	278	310
Denver	169	173	187	200
Phoenix	394	384	383	445
Salt Lake City	298	300	304	334
Pacific	209	207	203	205
Los Angeles	149	144	140	148
Sacramento	383	394	400	345
San Bernadino	212	238	242	237
San Diego	468	461	461	475
San Francisco	214	211	208	206
Seattle	215	213	198	196
Percentage of papers with rising volume	37	18	39	63
Unemployment rate	7.0	6.8	6.9	7.1

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1983	59.8	70.1	81.2	81.8	85.9	87.0	87.8	89.9	92.2	93.5	96.7	104.9
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6	92.8r	88.8p		

Buying Plans Index

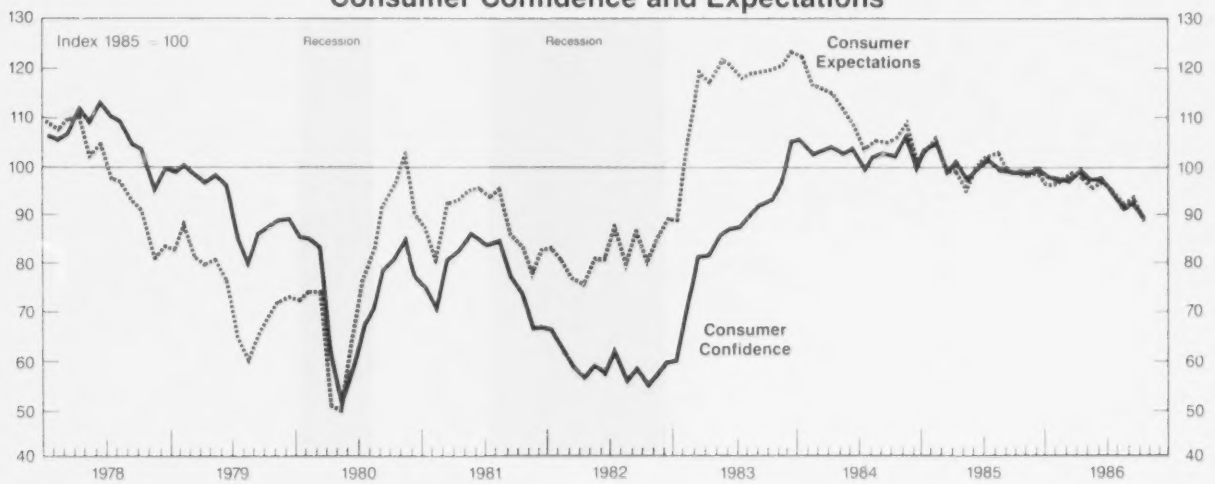
1983	71.7	71.1	77.5	85.6	84.7	89.0	94.4	85.0	101.6	102.2	99.2	99.3
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7	105.8r	96.5p		

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

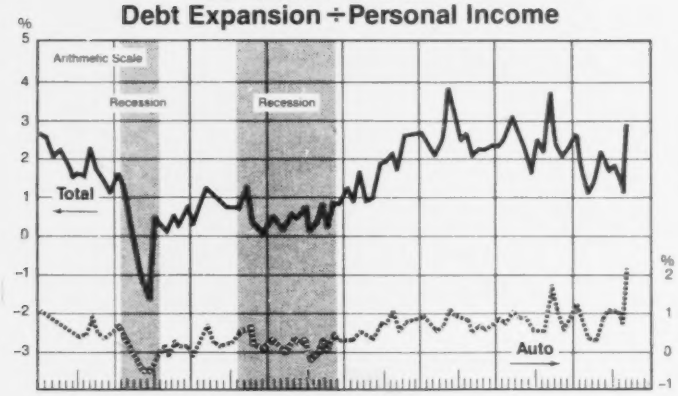
p—preliminary r—revised

Consumer Confidence and Expectations



ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

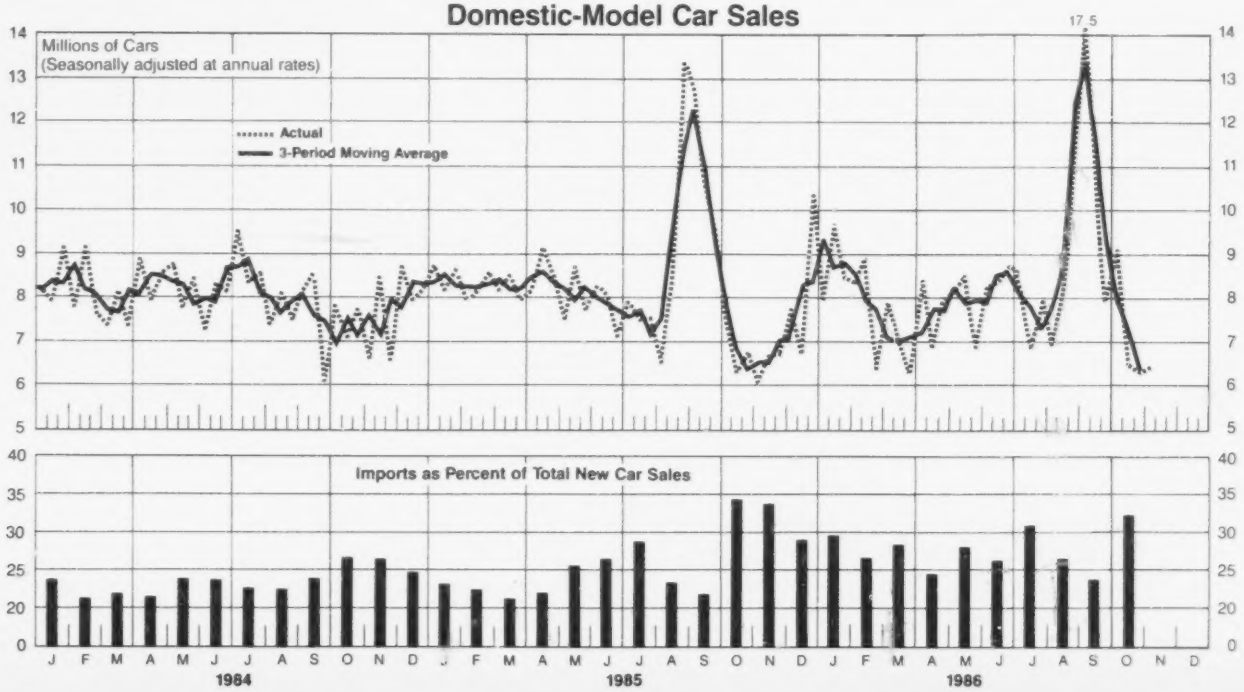
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1983	1984	1985	1986
January:	1-10	6.17	8.16	8.69	7.97
	11-20	6.20	7.84	8.15	9.63
	21-31	5.60	9.15	8.62	8.40
February:	1-10	5.86	7.79	7.97	8.32
	11-20	5.30	9.17	8.04	8.93
	21-28(29)	6.07	7.60	8.58	6.38
March:	1-10	5.61	7.35	8.14	7.81
	11-20	6.10	8.13	8.44	6.99
	21-31	6.19	7.35	7.94	6.24
April:	1-10	6.69	8.88	8.16	8.39
	11-20	6.52	7.96	9.12	6.97
	21-30	6.35	8.60	8.46	7.96
May:	1-10	6.67	8.75	7.45	8.13
	11-20	6.30	7.74	8.69	8.49
	21-31	6.97	8.43	7.70	6.86
June:	1-10	7.23	7.22	8.21	8.27
	11-20	7.34	8.25	8.02	8.38
	21-30	7.28	8.10	7.16	8.71
July:	1-10	7.25	9.51	7.89	8.59
	11-20	7.36	8.32	7.47	6.89
	21-31	7.43	8.59	7.53	7.92
August:	1-10	7.39	7.33	6.47	6.95
	11-20	6.11	8.07	8.39	8.28
	21-31	6.65	7.43	13.29	11.70
September:	1-10	6.26	8.13	12.76	17.47
	11-20	7.21	8.52	10.63	10.81
	21-30	6.55	6.03	9.49	7.90
October:	1-10	7.52	7.83	7.44	9.12
	11-20	7.56	7.07	6.27	6.41
	21-31	7.45	7.70	6.75	6.32
November:	1-10	6.96	6.60	6.04	6.38
	11-20	6.55	8.4	6.66	
	21-30	7.62	6.57	6.70	
December:	1-10	7.30	8.75	7.72	
	11-20	8.09	7.96	6.74	
	21-31	8.48	8.19	10.38	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3-Period Moving Average
17.5
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1984
1985
1986